

1 **BEFORE THE ARIZONA CORPORATION COMMISSION**

2 **COMMISSIONERS**

3 MARC SPITZER, Chairman
4 WILLIAM A. MUNDELL
5 JEFF HATCH-MILLER
6 MIKE GLEASON
7 KRISTIN K. MAYES

In the matter of:)	Docket No. S-3557A-04-0000
)	
LONZO ARCHER, 1512 Plymouth Road)	NOTICE OF OPPORTUNITY FOR
N., Brunswick, NJ 08902; CRD No.)	HEARING REGARDING PROPOSED
1979672)	ORDER OF REVOCATION AND FOR
)	OTHER AFFIRMATIVE RELIEF
Respondent.)	

11 **RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**

12 **RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

13 The Securities Division (“Division”) of the Arizona Corporation Commission
14 (“Commission”) alleges that respondent LONZO ARCHER has engaged in acts and practices that
15 constitute violations of A.R.S. § 44-1801, *et seq.*, the Arizona Securities Act (“Securities Act”).

16 **I. JURISDICTION**

17 1. The Commission has jurisdiction over this matter pursuant to Article XV of the
18 Arizona Constitution, and the Securities Act.

19 **II. RESPONDENT**

20 2. LONZO ARCHER (“RESPONDENT”) is an individual whose last known address
21 of record is 1512 PLYMOUTH ROAD N. BRUNSWICK, NJ 08902.

22 3. RESPONDENT is a registered securities salesman in the State of Arizona,
23 National Association of Securities Dealers (“NASD”) CRD No.1979672, in association with
24 FIRST MONTAUK SECURITIES CORPORATION (“FIRST MONTAUK”), CRD No. 13755.
25
26

III. FACTS

4. On or about December 19, 2003, the Securities Division of the Department of Financial Institutions of the State of Washington (the "Washington Division") entered a statement of charges (S-03-029-03-SC01) against RESPONDENT. RESPONDENT failed to respond or otherwise to request a hearing in the Washington Division matter. On January 27, 2004, the Washington Division entered a final order (S-03-029-04-F001) against RESPONDENT revoking his securities salesman license (the "Final Order"). The Final Order found that RESPONDENT recommended securities to customers without reasonable grounds to believe that the transactions were suitable to them and excessively traded the customers' accounts to generate commissions. Specifically, the Final Order concluded that RESPONDENT recommended that the customers, an elderly couple, invest their individual retirement accounts ("IRAs") in low- priced, small-capitalization stocks. As a result of RESPONDENT's recommendations, the couple paid at least \$35,000 in commissions while sustaining losses of approximately \$118,300. Under the FINAL ORDER, the state of Washington concluded that RESPONDENT recommended the purchase and sale of securities without reasonable grounds to believe that the transactions were suitable. RESPONDENT did not seek judicial review of the Final Order.

IV. REMEDIES PURSUANT TO A.R.S. § 44-1962

(Denial, Revocation or Suspension of salesman registration; Restitution, Penalties, or other Affirmative Action)

5. RESPONDENT's conduct is grounds to revoke RESPONDENT's registration as an Arizona securities salesman pursuant to A.R.S. § 44-1962. Specifically, RESPONDENT is subject to an order of an administrative tribunal revoking registration as a broker in securities for at least six months.

V. REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

1 1. Order the revocation of RESPONDENT's registration as a securities salesman
2 pursuant to A.R.S. § 44-1962; and

3 2. Order any other relief that the Commission deems appropriate.

4 **VI. HEARING OPPORTUNITY**

5 RESPONDENT may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. Rule 14-4-
6 306. **If RESPONDENT requests a hearing, the RESPONDENT must also answer this Notice.**

7 A request for hearing must be in writing and received by the Commission within ten (10) business
8 days. RESPONDENT must deliver or mail the request for hearing to Docket Control, Arizona
9 Corporation Commission, 1200 West Washington, Phoenix, Arizona 85007. A Docket Control
10 cover sheet must also accompany the request. A cover sheet form and instructions may be obtained
11 from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at
12 www.cc.state.az.us/utility/forms/index.htm.

13 If a request for a hearing is timely made, the Commission shall schedule the hearing to
14 begin 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by
15 the parties, or ordered by the Commission. If a request for a hearing is not timely made, the
16 Commission may, without a hearing, enter an Order against RESPONDENT granting the relief
17 requested by the Division in this NOTICE OF OPPORTUNITY FOR HEARING.

18 Persons with a disability may request a reasonable accommodation such as a sign language
19 interpreter, as well as request this document in an alternative format, by contacting Yvonne L.
20 McFarlin, Executive Assistant to the Executive Secretary, voice phone number 602/542-3931, e-
21 mail ymcfarlin@cc.state.az.us. Requests should be made as early as possible to allow time to
22 arrange the accommodation.

23 **VII. ANSWER REQUIREMENT**

24 Pursuant to A.A.C. R14-4-305, if RESPONDENT requests a hearing, RESPONDENT
25 must deliver or mail an Answer to this NOTICE OF OPPORTUNITY FOR HEARING to Docket
26 Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona 85007, within

30 calendar days after the date of service of this NOTICE. A Docket Control cover sheet must accompany the Answer. A cover sheet form and instructions may be obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site at www.cc.state.az.us/utility/forms/index.htm.

Additionally, RESPONDENT must serve the Answer upon the Division. Pursuant to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007, addressed to Michelle M. Allen.

The Answer shall contain an admission or denial of each allegation in this NOTICE OF OPPORTUNITY FOR HEARING and the original signature of the RESPONDENT or RESPONDENT's attorney. A statement of a lack of sufficient knowledge or information shall be considered a denial of an allegation. An allegation not denied shall be considered admitted.

When RESPONDENT intends in good faith to deny only a part or a qualification of an allegation, RESPONDENT shall specify that part or qualification of the allegation and shall admit the remainder. RESPONDENT waives any affirmative defense not raised in the answer.

The officer presiding over the hearing may grant relief from the requirement to file an Answer for good cause shown.

DATED, this 6th day of May, 2004.

/s/ Matthew J. Neubert
Matthew J. Neubert
Director of Securities